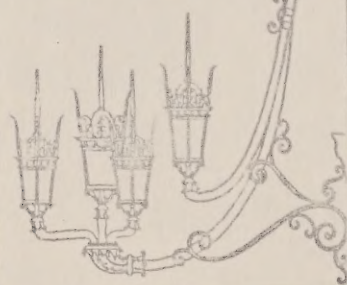



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ECONOMIC IMPACT ON BOSTON AND MASSACHUSETTS

CITY OF BOSTON
RAYMOND L. FLYNN, MAYOR

BOSTON REDEVELOPMENT AUTHORITY
THEODORE S. CHANDLER, Acting Director
CLARENCE J. JONES, Chairman
MICHAEL F. DONLAN, Co-Vice -Chairman
FRANCIS X. O'BRIEN, Co-Vice -Chairman
JAMES K. FLAHERTY, Treasurer
CONSUELO GONZALES-THORNELL, Member
KANE SIMONIAN, Secretary

TABLE OF CONTENTS

Summary and Event Description	1
Visitor Totals and Profiles	2
Economic Impact of Sail Boston 1992	4
Tax Generation of Sail Boston 1992	7
Bibliography	8
Appendices	
Appendix 1	
Origins of Visitors to Massachusetts	i
Appendix 2	
1990 International Tourism to the United States	ii
Appendix 3	
International Tourism to Massachusetts	iii
Appendix 4	
The Economic Impact of Travel and Tourism	iv
Appendix 5	
Visitor Data on Greater Boston	v
Appendix 6	
Public Sector Expenditures, Commonwealth of Massachusetts	vi
Appendix 7	
Public Sector Expenditures, City of Boston	vii

SUMMARY AND EVENT DESCRIPTION

In July 1992, the City of Boston will host an international fleet of Tall Ships as part of the Grand Regatta Columbus '92 Quincentenary which commemorates the 500th anniversary of the voyage of Christopher Columbus. Boston's event, known as Sail Boston 1992, is a week-long celebration scheduled for July 11th through the 16th with a grand parade of Tall Ships and sailing vessels in Boston Harbor, public viewing and on-board visits to the ships, exhibitions, international rowing competitions, and harbor fireworks displays. On land, the City will host ethnic festivals featuring the cuisine of participating countries, exhibitions of traditional dance, parades, concerts, and street carnivals.

The profile and expected economic benefits and costs associated with Sail Boston 1992 include:

- ☐ More than 220 sailing vessels from 30 countries and the United States.
- ☐ 3.5 million visitor days having a total economic impact of \$418 million.
- ☐ Direct and indirect spending of \$418 million on local businesses for lodging, food service, airline, auto, and public transportation, entertainment, recreation, and other discretionary items.
- ☐ \$32 million in state tax revenue generated from taxes on sales, fuel, meals, and hotel rooms.
- ☐ \$400,000 in City of Boston tax revenue generated from the 4 percent local option hotel tax.
- ☐ The State to bear costs of about \$4.35 million associated with public safety, public transportation, street cleaning, tourist promotion, environmental management, and other public services.
- ☐ Boston to bear costs of about \$2.4 million associated with public safety, public transportation, street cleaning, tourist promotion, environmental management, and other public services.

Sail Boston 1992 will provide a significant boost to the economy of Boston and the Commonwealth by creating nearly one half billion dollars in total economic activity. Moreover, Sail Boston 1992 will spotlight the City's attractiveness and its ability to host large-scale events.

VISITOR TOTALS AND PROFILES

Expected Number of Visitors

Past experience suggests that an estimated 3.5 million visitor days will be generated by Sail Boston 1992, including visitors from within eastern Massachusetts, those attending from a distance greater than 100 miles from Boston within the U.S., and international visitors. The total of 3.5 million visitor days is based on an estimate of 833,000 visitors per day for three days including the opening Saturday Parade of Sail, the first Sunday public viewing of ships, and the Thursday grand finale with fireworks and closing ceremonies as well as an estimated 333,000 visitors per day for the other four days of the event.

Visitor Profile	Share	Total Visitors Days
Day visitors from within 100 miles of Boston	60%	2.1 million
U.S. Visitors from outside of 100 miles of Boston	36%	1.26 million
International visitors	4%	140 thousand
Total Attendance	100%	3.5 million

Day Visitors

By far, the greatest number of visitors will be from Greater Boston, estimated at 2.1 million visitor days. Because some local attendees will come to Sail Boston 1992 more than once, the 2.1 million figure is a count of visitor days rather than persons. Assuming an average of three visits during the week, about 700,000 people, or about 25 percent of all Greater Boston residents, will attend sometime during the six-day event.

U.S. Visitors from Outside Metropolitan Boston

There will be 1.26 million American day visits by those coming from outside metro Boston. Given an average stay of 3.1 days, the number of Americans coming from outside of metro Boston is estimated at 406,000 people over the course of the event.

Visitors are due from all regions in the United States, but primarily from around New England and the mid-Atlantic states. Based on domestic visitor profiles of Massachusetts from the U.S. Travel Data Center, the origin of domestic visitors would likely be as follows:

Mid-Atlantic States: New Jersey, New York, and Pennsylvania	32%
New England States, except for Massachusetts	26%
Massachusetts outside of greater Boston	11%
Midwestern States	11%
All other states of the U.S.	20%

International Visitors

International visitors are expected to total 140,000 day visits over the course of the seven-day event. Given an average stay of six days per international visitor, there is estimated to be 23,333 persons traveling to Boston from outside of the U.S. A likely profile of the origin of international visitors to Sail Boston 1992 based upon data from the Massachusetts Office of Travel and Tourism and surveys from the U.S. Travel Data Center would likely be as follows:

Canada	30%
United Kingdom	14%
Japan	12%
France	7%
Germany	4%
Rest of Europe, including Italy and Spain	11%
Rest of the world, outside of Europe	11%
Unaccounted location	11%

ECONOMIC IMPACT OF SAIL BOSTON 1992

Total Economic Impact

The economic impact of Sail Boston 1992 upon Greater Boston will be significant. The total direct and indirect economic effect of \$418 million dollars includes all spending within the Greater Boston region on activities associated with the event. Even excluding regional day visitors, some portion of whose spending might be spent within the region on other items or at other events, a significant economic impact of \$289 million still results. This consists of \$147 million of direct spending coming from outside of the region and an indirect effect of \$142 million.

The following table provides a summary of the anticipated economic effects.

ECONOMIC EFFECTS OF SAIL BOSTON 1992

(In millions of 1992 dollars)

	Direct	Indirect	Total
Domestic Visitors	117	89	206
International Visitors	30	53	83
Total From Outside The Boston Region	147 *	142	289 *
Day Visitors	74	55	129
Grand Total Including local Tourists	221 **	197	418 ***

* Equals total net new economic effect

** Equals total direct economic effect

*** Equals total direct and indirect economic effect

Direct Spending

Direct spending is a measure of the purchases of goods and services provided during a trip to Boston. This is estimated at a total of \$221 million, with \$147 million coming from tourists traveling into Greater Boston and \$74 million by regional day visitors. This impact includes spending on lodging, food service, airline and automobile transportation, public transportation, entertainment, recreation, and other discretionary goods and services. It is assumed that all direct spending by visitors from outside of 100 miles from Boston would be money brought into the region which would not have otherwise been spent here. Direct spending by tourists within the region, however, might have occurred within the region on other goods or services.

Indirect Spending

Indirect spending is the so-called multiplier effect resulting from direct spending. This is estimated at \$197 million. Businesses, upon providing services to tourists to maintain operations, in turn purchase supplies of goods and services for their restaurants, hotels, souvenir shops, and all other businesses. The multiplier effect of these intermediate purchases through the economy is the "ripple effect," or the buying and selling among businesses within the area as they serve their customers. [The U.S. Commerce Department provides the U.S. Travel Data Center with the national multiplier of 1.76 as the ratio of total output to initial spending. This means that the average travel dollar generates an additional 76 cents of secondary sales; this is the indirect effect.] The other secondary effect, "induced spending," results from the economic activity caused by employees spending their wages paid by their employers within the region at other enterprises. This effect is not accounted for here.

Day Visitor Spending

Sixty percent of day visitors to Sail Boston 1992 will come from within 100 miles of the City to attend various events. Whether or not they visit just once or several times, the average daily spending on the trip is \$35 per person per day (based upon U.S. Travel Data Center information updated to 1992). A total of 2.1 million day trips from Greater Boston results in \$74 million of direct, \$55 million of indirect, and \$129 million of total economic effect.

Domestic Visitor Spending

American tourists coming to the event from outside of 100 miles away from Greater Boston is estimated at 1.26 million visits, or 406,000 persons for an average stay of 3.1 days. Economic effects are based upon a daily expenditure of \$92 per person per day or an average per trip expenditure of \$285 (based on Greater Boston Convention and Visitors Bureau tourist expenditure information). This mostly includes persons staying in lodging facilities but also includes persons staying with relatives or on boats. The result yields \$117 million of direct, \$89 million of indirect, for a total of \$206 million of economic effect.

International Visitor Spending

International visitors to Sail Boston 1992 will spend the most money because they travel the farthest distance and need the most services. A U.S. Travel Data Center study of 1990 international spending in America per trip found an average of \$1,352 per visitor per trip. Assuming 140,000 international visits or 23,000 persons for an average stay of six days, the economic effect of international visitor spending will be \$30 million of direct and \$53 million of indirect, for a total of \$83 million dollars.

Travel Expenditures

Using survey information from the U.S. Travel Data Center in 1988 a categorization of domestic travel expenditures shows the following:

Non-automotive transportation	33%
Food service	20%
Lodging	20%
Automotive transportation	16%
Incidentals	5%
Entertainment	6%

TAX GENERATION OF SAIL BOSTON 1992

Federal, state, and local taxes will be generated by Sail Boston 1992. This study is concerned primarily with regional effects, and therefore, only state and local tax generation is considered here. State and local taxes Generated are considered as net new revenue only if money is brought into the greater Boston area, because otherwise, money already in the region and spent on other activities, goods, and services within the region would generate similar taxes.

State Tax Revenues

State taxes relevant to this study are the 5 percent sales tax, the 5 percent meals tax, the 5.7 percent hotel tax, and the 21 cents per gallon fuels tax. This package of taxes combined with the expenditure distribution of tourists yields a blended rate of 7.7 percent. The \$289 million economic impact of visitors from outside the Greater Boston region will generate 22.3 million in new state tax revenue alone. From the entire event, a total of \$32 million in state taxes will be generated. No accounting is made of other state taxes, such as corporate taxes resulting from this new economic activity, although some certainly may accrue.

STATE TAX YIELD FROM SAIL BOSTON 1992

Economic Effect (in millions)	Blended State Tax Yield	State Tax Yield (in millions)
From Outside of Region	$\$289 \times .077 =$	\$22.3 net new state taxes.
From Whole Event (Direct and Indirect)	$\$418 \times .077 =$	\$32 total yield in state taxes.

Local Tax Yield

Direct local tax yield to Boston is limited to the 4 percent local option piggyback hotel tax. Jet fuel taxes paid by visitor airplane tickets and property taxes paid by hotels likely would not be affected by increased travel to Boston since they are usually not marginal and would be paid anyway. Of the \$147 million in direct new spending from outside the region, 20 percent would be spent on lodging. Applying the 4 percent local hotel tax rate, revenues generated could amount to up to \$1.2 million in potential local option hotel tax revenues for cities and towns throughout the region. Due to the fact that Boston has about one-third of hotel rooms in Greater Boston, as well as their usual high occupancy rates during the summer, at most only about \$400,000 of this may accrue to Boston.

Public Sector Expenses

Expenditures for Sail Boston 1992 for public safety, public transportation, public health, and tourist promotion, environmental management, and sanitation services are estimated at \$2.4 million for the City of Boston and \$4.4 million for the Commonwealth of Massachusetts.

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Other Credits

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APPENDIX 1

ORIGINS OF VISITORS TO MASSACHUSETTS

Massachusetts attracted 28.1 million visitors in 1988, more than 25.1 million coming from out-of-state. New Englanders, including Massachusetts residents, accounted for more than 9.8 million visitors; 8.5 million visitors came from the Mid-Atlantic states; 3.0 million from the Midwest and 5.3 million from the rest of the U.S. 69% of all domestic visitors lived within a day's drive of Massachusetts. International visitors represented 4% of Massachusetts' total, with 1.32 million travelers.

	1988 Share	1988 (prelim)	1988 % Change	1987 (revised)	198 (final)
TOTAL (Thousands)		28,124	0.99%	27,848	26,382
DOMESTIC	100%	26,800	0.75%	26,600	25,300
Massachusetts	11%	2,948	23.14%	2,394	2,200
Other New England	26%	6,968	9.15%	6,384	5,800
Mid-Atlantic	32%	8,576	-10.44%	9,576	8,800
Midwest	11%	3,016	1.04%	2,985	n/a
Other U.S.	20%	5,292	0.59%	5,261	8,500
INTERNATIONAL	100%	1,324	6.15%	1,248	1,082
Overseas	65%	867	10.07%	788	670
Canada	34%	451	-0.73%	455	412
Mexico	1%	6	13.82%	5	n/a

Definition of Regions:

Mid-Atlantic: New York, New Jersey, Pennsylvania

Midwest: Indiana, Illinois, Michigan, Ohio, Wisconsin

Source: Massachusetts Office of Travel and Tourism, "Travel and Tourism in Massachusetts: Economic Impact Report with Visitor Demographics and Profile for Calendar Year 1988," December 1989.

APPENDIX 2

1990 INTERNATIONAL TOURISM TO THE UNITED STATES

Origin	Arrivals ¹ (000)	Change From 1989 (%)	Travel ² Receipts (\$ millions)	Change From 1989 (%)	Expenditure Per Visitor (%)(%)
Canada	17,262	+12	\$5,690	+17	\$330
Mexico	6,768	-7	4,004	+18	592
Overseas Capitals	15,059	+8	30,885	+15	2,051
Western Europe	6,460	+6	12,291	+15	1,903
United Kingdom	2,244	+1	3,581	+9	1,596
Germany	1,203	+12	2,139	+15	1,778
France	716	+10	1,219	+14	1,703
Italy	396	+12	781	+18	1,972
Switzerland	294	+7	n.a.	n.a.	n.a.
Netherlands	284	+9	404	+16	1,423
Sweden	282	+0	n.a.	n.a.	n.a.
Spain	243	+20	n.a.	n.a.	n.a.
Belgium	138	+20	n.a.	n.a.	n.a.
Austria	107	+12	n.a.	n.a.	n.a.
Norway	104	-1	n.a.	n.a.	n.a.
Finland	103	+11	n.a.	n.a.	n.a.
Ireland	99	-6	n.a.	n.a.	n.a.
Denmark	97	-10	n.a.	n.a.	n.a.
Eastern Europe	199	+27	344	+27	1,729
USSR	81	+43	n.a.	n.a.	n.a.
Poland	61	-4	n.a.	n.a.	n.a.
South America	1,328	+17	n.a.	n.a.	n.a.
Brazil	398	+19	n.a.	n.a.	n.a.
Venezuela	264	+21	n.a.	n.a.	n.a.
Argentina	185	+39	n.a.	n.a.	n.a.
Colombia	155	+2	n.a.	n.a.	n.a.
Peru	115	+16	n.a.	n.a.	n.a.
Ecuador	72	+11	n.a.	n.a.	n.a.
Chile	69	-2	n.a.	n.a.	n.a.
Central America	412	+7	n.a.	n.a.	n.a.
Guatemala	111	-3	n.a.	n.a.	n.a.
Costa Rica	80	+17	n.a.	n.a.	n.a.
Honduras	69	+5	n.a.	n.a.	n.a.
Panama	59	+20	n.a.	n.a.	n.a.
Caribbean	1,137	+3	1,349	+16	1,186
Bahamas	324	-3	n.a.	n.a.	n.a.
Jamaica	187	-1	n.a.	n.a.	n.a.
Dominican Republic	175	+11	n.a.	n.a.	n.a.
Trinidad & Tobago	95	-5	n.a.	n.a.	n.a.
Haiti	68	-8	n.a.	n.a.	n.a.
Asia	4,360	+8	n.a.	n.a.	n.a.
Japan	3,231	+5	7,694	+9	2,381
South Korea	211	+42	n.a.	n.a.	n.a.
Hong Kong	163	+14	n.a.	n.a.	n.a.
India	110	+3	n.a.	n.a.	n.a.
Philippines	98	+10	n.a.	n.a.	n.a.
Middle East	3,685	+3	n.a.	n.a.	n.a.
Israel	162	+3	n.a.	n.a.	n.a.
Oceania	662	+9	n.a.	n.a.	n.a.
Australia	466	+15	1,061	+21	2,277
New Zealand	174	+4	379	+16	2,178
Africa	137	+0	n.a.	n.a.	n.a.
South Africa	39	+5	n.a.	n.a.	n.a.
Total All Countries	39,089	+7	40,579	+15	1,038
Transportation ³	--	--	12,251	+18	n.a.
GRAND TOTAL	39,089	+7	52,830	+16	1,352

1 U.S. Travel and Tourism Administration and the Immigration and Naturalization Service; Statistics Canada; Secretaría de Turismo of the Dirección General de Política Turística and Banco de México, Sector Externo.

2 Final data from the Bureau of Economic Analysis, U.S. Dept. of Commerce.

3 Passenger fares paid to U.S. flag carriers.

Note: n.a. means not available.

Source: U.S. Department of Commerce, United States Travel and Tourism Administration, "RECAP of International Travel to and from the United States in 1990," Prepared by the Office of Research, December 1991, Table 1.

APPENDIX 3

INTERNATIONAL TOURISM TO MASSACHUSETTS

ECONOMIC IMPACT

The Massachusetts Office of Tourism estimates that in 1990, 1.5 million international visitors will spend \$1 billion in Massachusetts for an economic impact of \$1.5 billion. Canada is the number one source of international travelers to the state. Japan is the fastest growing segment of the international market. International visitors spend two-and-one-half times as much per visit as American travelers. In 1990, international travelers will account for 5.5% of all visitors to Massachusetts but 13.3% of all travel revenues.

INTERNATIONAL VISITORS

	1990	+/-%	1989	+/-%	1988
Total	1,488,125	+ 5.7	1,408,348	+ 6.3	1,323,434
Canada	451,600	0.0	451,600	0.0	451,600
Mexico	5,626	0.0	5,626	+21.6	4,626
Overseas	1,030,899	+ 8.4	951,122	+ 9.7	867,198
U.K.	207,440	+10.0	188,582	+ 8.9	173,165
Japan	182,338	+20.0	151,949	+24.1	122,473
France	104,115	+ 5.0	99,157	+ 4.3	95,053
Germany	60,284	+ 5.0	57,413	- 4.7	60,269
Other	476,723	+ 5.0	454,022	+ 9.1	416,238

International visitors to all New England States for 1990 was estimated at 3.2 million in 1990.

Source: New England Governor's Conference.

Source: Massachusetts Office of Travel and Tourism, "The Spirit of Massachusetts Messenger" 1991.

APPENDIX 4

THE ECONOMIC IMPACT OF TRAVEL AND TOURISM IN MASSACHUSETTS

ECONOMIC IMPACT

28.1 million domestic and international visitors to Massachusetts spent \$8.3 billion in 1988 for a total economic impact of \$11.7 billion. Visitor spending increased 10.9% over 1987 while the number of visitors increased 0.99%.

DOMESTIC TRAVELERS

26.8 million U.S. residents visited Massachusetts in 1988, an increase of 0.75% over 1987. 69% of all domestic visitors came from the six New England states and the Mid-Atlantic area. Short trips were the dominant form of travel. 58% of travelers spent 1 to 3 nights per trip; 71% came by automobile, 24% by airline. Visitors to Massachusetts were more educated and more affluent than the national average.

INTERNATIONAL TRAVELERS

1.3 million international visitors came to Massachusetts in 1988. This 6.15% increase over 1987 outpaced the 0.75% increase in domestic travelers.

International travelers spent 2.5 times more per trip than domestic travelers while in Massachusetts. The per trip figures were \$687 for an overseas visitor compared to \$275 for a domestic traveler. International visitors accounted for 4.7% of all travel to the state but generated 11% of all travel-related revenues.

TAXES

Travelers generated \$1.049 billion in state, local, and federal taxes, up 9.9% from 1987.

JOBS

Travel-generated jobs increased 1.8%, falling below Massachusetts' overall 2% job growth. A travel payroll of \$1.9 billion generated 11,727 jobs.

REGIONAL IMPACT

The Greater Boston area (Suffolk, Middlesex and Norfolk counties) received 67% of the total dollars spent by domestic travelers. Revenue growth was strongest in the northeast and southeast regions of the State.

Source: Massachusetts Office of Travel and Tourism, "Travel and Tourism in Massachusetts: Economic Impact Report with Visitor Demographics and Profile for Calendar Year 1988," December 1989.

APPENDIX 5

VISITOR DATA FOR BOSTON

BOSTON VISITORS, 1991

Type	Percentage	People	\$ Impact
Tourists	52%	4.3 million	2.0 billion
Business Travelers	32%	2.6 million	2.6 billion
Convention/meetings delegates	13%	1.1 million	1.5 billion
Permanents hotels occupants	3%	.2 million	0.3 million
Total	100	8.2 million	6.4 billion

- ☐ In 1991, hotel occupancy 68.3%, over 3 points above the national average of 65%.
- ☐ In 1990, average daily spending per visitor is \$92, including hotel and the average visitor stay is 3.1 days.
- ☐ In 1990, Greater Boston ranked twelfth nationally in visitor volume with 8.5 million (#1 was Los Angeles with 49 million, #2 was Anaheim with \$35 million, and #3 Atlantic City with 33 million visitors).
- ☐ Boston ranks eleventh nationally in hotel tax rate of 9.7% (New York was first at 19.2%, Houston second at 14%, and Dallas third at 13%).
- ☐ For Fiscal Year 1991, taxes generated by all state hotels equalled \$55.983 million to Massachusetts. Boston's hotels yielded taxes \$14.0 million to the City of Boston and 19.95 million to Massachusetts.
- ☐ The visitor industry provided 108,000 full-time jobs in Massachusetts (approximately 50,000 in Greater Boston) in 1990 which yielded a total wage bill of over \$2 billion.

HOTEL STATISTICS FOR GREATER BOSTON

	Hotels	Rooms
Boston	35	11,792
Cambridge	8	2,32
Suburbs	37	6,768
TOTALS	80	20,880

Source: Greater Boston Convention and Visitors Bureau. Boston Redevelopment Authority Research Department.

APPENDIX 6

PUBLIC SECTOR EXPENDITURES, COMMONWEALTH OF MASSACHUSETTS

Executive Office of Public Safety \$ 1 million

State Police

MDC Police

Capitol Police

Registry

National Guard

Emergency Management Agency

Executive Office of Transportation and Construciton \$ 1.5 million

Department of Public Works

MBTA

Executive Office of Economic Affairs \$ 1.6 million

Tourism

Executive Office of Environmental Affairs \$ 250,000

MDC

Environmental Management

Fisheries and Wildlife

\$4.35M

Source: Bureau of State Office Buildings The Commonwealth of Massachusetts.

APPENDIX 7

PUBLIC SECTOR EXPENDITURES, CITY OF BOSTON

Office of Business and Cultural Development	\$198,900
Fire Department	275,000
Health and Hospitals Department	148,020
Boston Redevelopment Authority	299,696
Parks and Recreation	42,500
Police Department	995,467
Public Facilities Department	34,000
Public Facilities - Municipal Police	24,624
Public Works Department	334,000
Transportation Department	36,590
Total	\$2,388,797

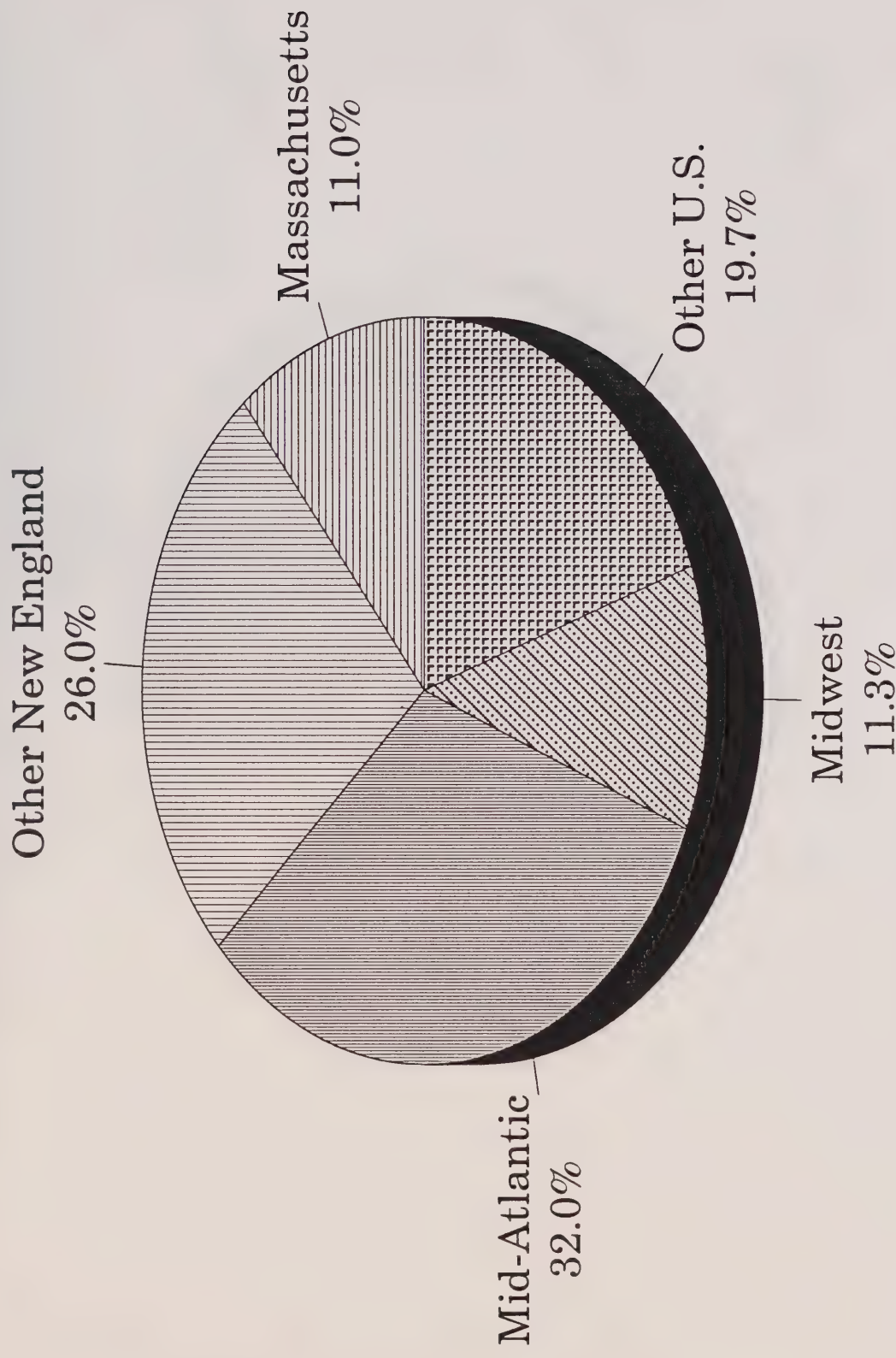
Source: City of Boston Office of Budget and Program Evaluation.

SAIL BOSTON 1992

- 220 Ships (1976: 68: 1980: 72)
 - 800,000+ Visitors Per Day
 - 3.5M Total Visitor Days
 - \$418 M In Economic Activity
 - \$4.4 M In State Expenditures
 - \$32 M In State Tax Revenue
 - \$2.4 M In City Expenditures
 - \$400,000 In City Tax Revenue
-

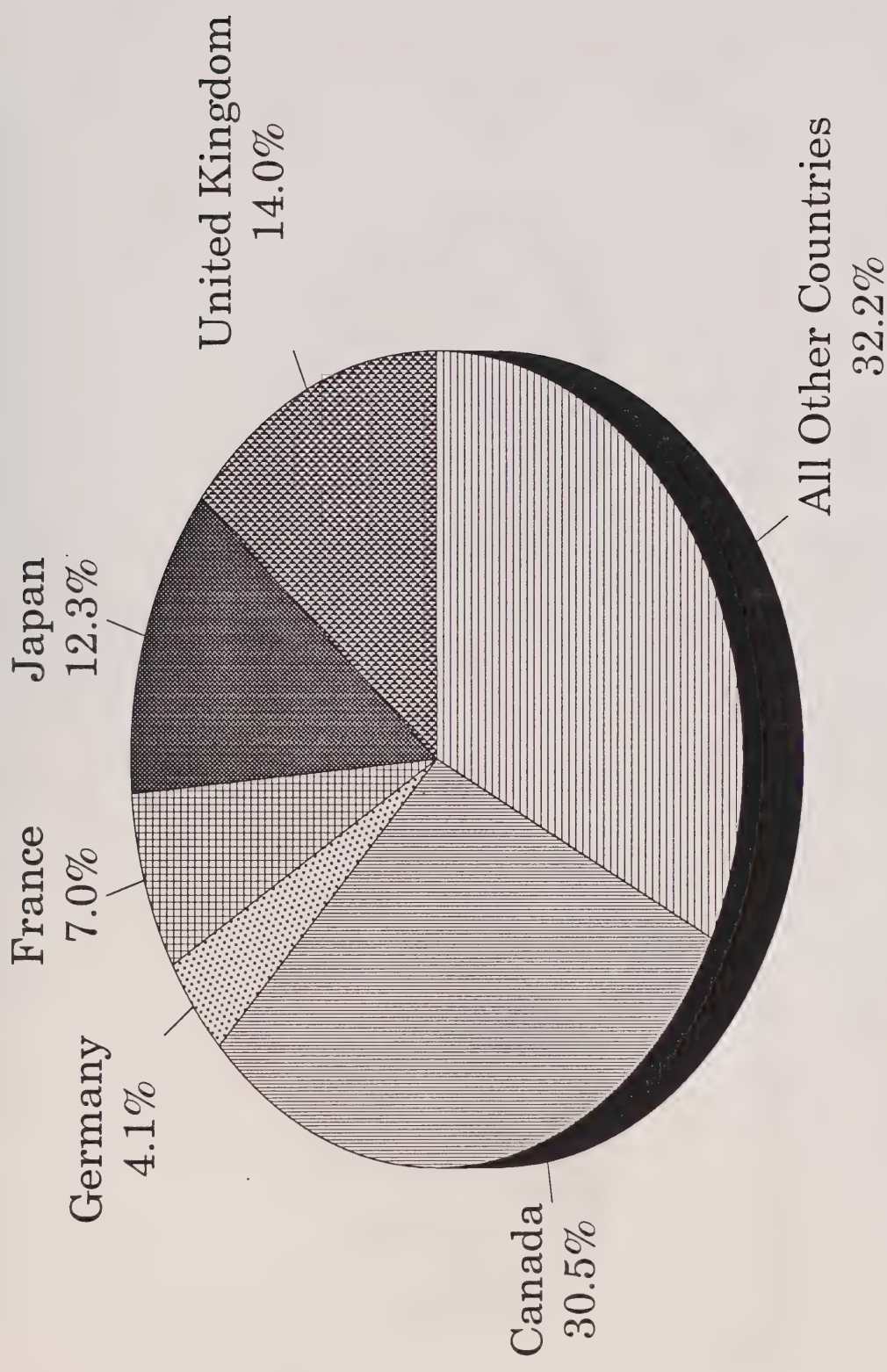
Domestic Visitors to Sail Boston 1992*

From Outside Metropolitan Area



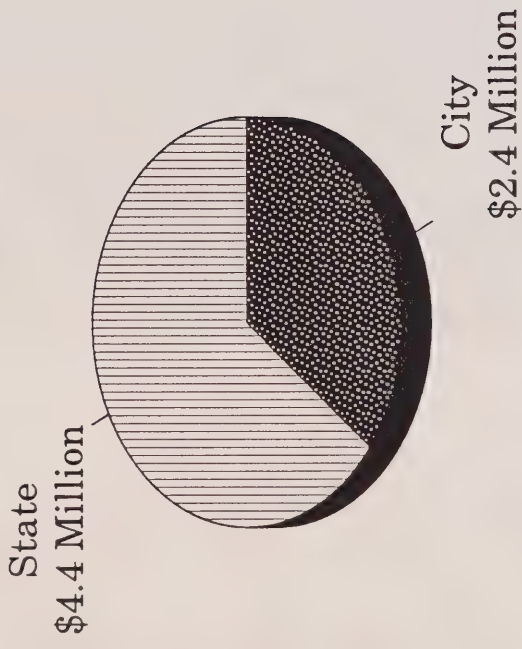
* Based on statewide visitation proportions

International Visitors to Sail Boston 1992*

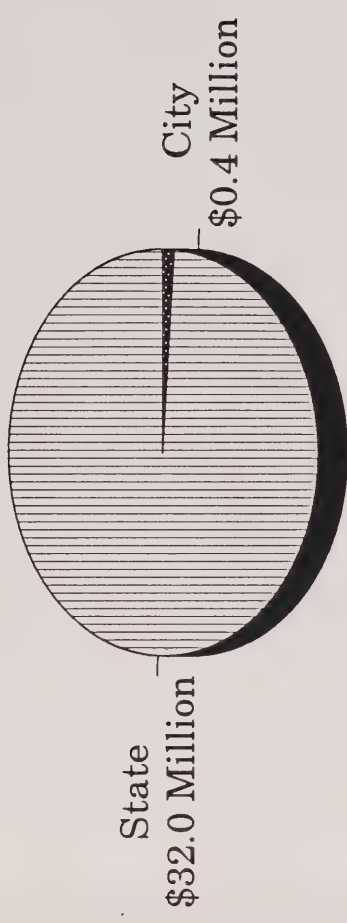


* Based on statewide visitation proportions

State / City Expenditures vs. Revenue Return

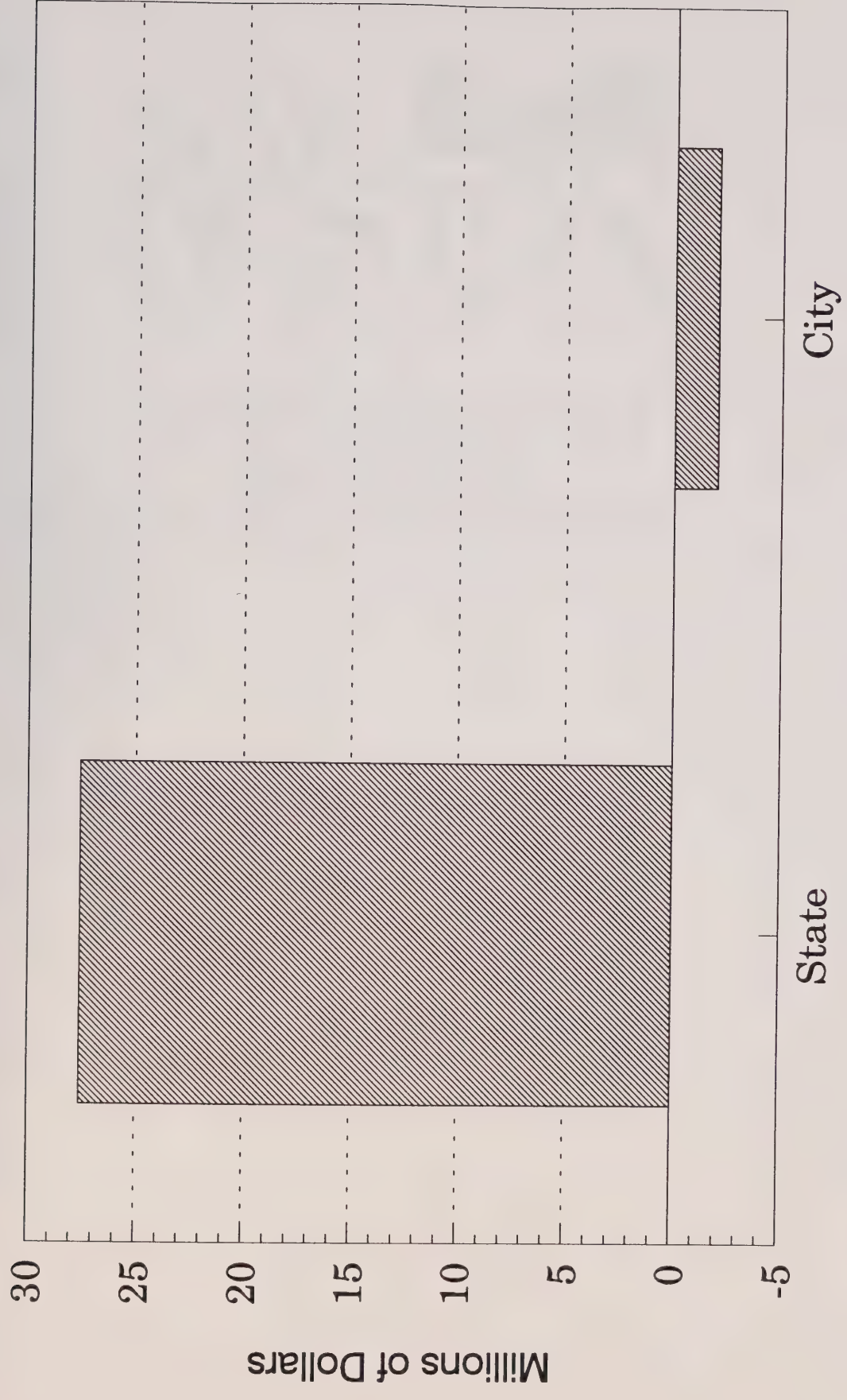


Expenditures



Revenues

Net Public Sector Revenue/Loss





ECONOMIC IMPACT ON BOSTON AND MASSACHUSETTS

CITY OF BOSTON
RAYMOND L. FLYNN, MAYOR

BOSTON REDEVELOPMENT AUTHORITY
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TABLE OF CONTENTS

Summary and Event Description	1
Visitor Totals and Profiles	2
Economic Impact of Sail Boston 1992	4
Tax Generation of Sail Boston 1992	7
Bibliography	8
Appendices	
Appendix 1	
Origins of Visitors to Massachusetts	i
Appendix 2	
1990 International Tourism to the United States	ii
Appendix 3	
International Tourism to Massachusetts	iii
Appendix 4	
The Economic Impact of Travel and Tourism	iv
Appendix 5	
Visitor Data on Greater Boston	v
Appendix 6	
Public Sector Expenditures, Commonwealth of Massachusetts	vi
Appendix 7	
Public Sector Expenditures, City of Boston	vii

SUMMARY AND EVENT DESCRIPTION

In July 1992, the City of Boston will host an international fleet of Tall Ships as part of the Grand Regatta Columbus '92 Quincentenary which commemorates the 500th anniversary of the voyage of Christopher Columbus. Boston's event, known as Sail Boston 1992, is a week-long celebration scheduled for July 11th through the 16th with a grand parade of Tall Ships and sailing vessels in Boston Harbor, public viewing and on-board visits to the ships, exhibitions, international rowing competitions, and harbor fireworks displays. On land, the City will host ethnic festivals featuring the cuisine of participating countries, exhibitions of traditional dance, parades, concerts, and street carnivals.

The profile and expected economic benefits and costs associated with Sail Boston 1992 include:

- ☐ More than 220 sailing vessels from 30 countries and the United States.
- ☐ 3.5 million visitor days having a total economic impact of \$418 million.
- ☐ Direct and indirect spending of \$418 million on local businesses for lodging, food service, airline, auto, and public transportation, entertainment, recreation, and other discretionary items.
- ☐ \$32 million in state tax revenue generated from taxes on sales, fuel, meals, and hotel rooms.
- ☐ \$400,000 in City of Boston tax revenue generated from the 4 percent local option hotel tax.
- ☐ The State to bear costs of about \$4.35 million associated with public safety, public transportation, street cleaning, tourist promotion, environmental management, and other public services.
- ☐ Boston to bear costs of about \$2.4 million associated with public safety, public transportation, street cleaning, tourist promotion, environmental management, and other public services.

Sail Boston 1992 will provide a significant boost to the economy of Boston and the Commonwealth by creating nearly one half billion dollars in total economic activity. Moreover, Sail Boston 1992 will spotlight the City's attractiveness and its ability to host large-scale events.

VISITOR TOTALS AND PROFILES

Expected Number of Visitors

Past experience suggests that an estimated 3.5 million visitor days will be generated by Sail Boston 1992, including visitors from within eastern Massachusetts, those attending from a distance greater than 100 miles from Boston within the U.S., and international visitors. The total of 3.5 million visitor days is based on an estimate of 833,000 visitors per day for three days including the opening Saturday Parade of Sail, the first Sunday public viewing of ships, and the Thursday grand finale with fireworks and closing ceremonies as well as an estimated 333,000 visitors per day for the other four days of the event.

Visitor Profile	Share	Total Visitors Days
Day visitors from within 100 miles of Boston	60%	2.1 million
U.S. Visitors from outside of 100 miles of Boston	36%	1.26 million
International visitors	4%	140 thousand
Total Attendance	100%	3.5 million

Day Visitors

By far, the greatest number of visitors will be from Greater Boston, estimated at 2.1 million visitor days. Because some local attendees will come to Sail Boston 1992 more than once, the 2.1 million figure is a count of visitor days rather than persons. Assuming an average of three visits during the week, about 700,000 people, or about 25 percent of all Greater Boston residents, will attend sometime during the six-day event.

U.S. Visitors from Outside Metropolitan Boston

There will be 1.26 million American day visits by those coming from outside metro Boston. Given an average stay of 3.1 days, the number of Americans coming from outside of metro Boston is estimated at 406,000 people over the course of the event.

Visitors are due from all regions in the United States, but primarily from around New England and the mid-Atlantic states. Based on domestic visitor profiles of Massachusetts from the U.S. Travel Data Center, the origin of domestic visitors would likely be as follows:

Mid-Atlantic States: New Jersey, New York, and Pennsylvania	32%
New England States, except for Massachusetts	26%
Massachusetts outside of greater Boston	11%
Midwestern States	11%
All other states of the U.S.	20%

International Visitors

International visitors are expected to total 140,000 day visits over the course of the seven-day event. Given an average stay of six days per international visitor, there is estimated to be 23,333 persons traveling to Boston from outside of the U.S. A likely profile of the origin of international visitors to Sail Boston 1992 based upon data from the Massachusetts Office of Travel and Tourism and surveys from the U.S. Travel Data Center would likely be as follows:

Canada	30%
United Kingdom	14%
Japan	12%
France	7%
Germany	4%
Rest of Europe, including Italy and Spain	11%
Rest of the world, outside of Europe	11%
Unaccounted location	11%

ECONOMIC IMPACT OF SAIL BOSTON 1992

Total Economic Impact

The economic impact of Sail Boston 1992 upon Greater Boston will be significant. The total direct and indirect economic effect of \$418 million dollars includes all spending within the Greater Boston region on activities associated with the event. Even excluding regional day visitors, some portion of whose spending might be spent within the region on other items or at other events, a significant economic impact of \$289 million still results. This consists of \$147 million of direct spending coming from outside of the region and an indirect effect of \$142 million.

The following table provides a summary of the anticipated economic effects.

ECONOMIC EFFECTS OF SAIL BOSTON 1992

(In millions of 1992 dollars)

	Direct	Indirect	Total
Domestic Visitors	117	89	206
International Visitors	30	53	83
Total From Outside The Boston Region	147 *	142	289 *
Day Visitors	74	55	129
Grand Total Including local Tourists	221 **	197	418 ***

* Equals total net new economic effect

** Equals total direct economic effect

*** Equals total direct and indirect economic effect

Direct Spending

Direct spending is a measure of the purchases of goods and services provided during a trip to Boston. This is estimated at a total of \$221 million, with \$147 million coming from tourists traveling into Greater Boston and \$74 million by regional day visitors. This impact includes spending on lodging, food service, airline and automobile transportation, public transportation, entertainment, recreation, and other discretionary goods and services. It is assumed that all direct spending by visitors from outside of 100 miles from Boston would be money brought into the region which would not have otherwise been spent here. Direct spending by tourists within the region, however, might have occurred within the region on other goods or services.

Indirect Spending

Indirect spending is the so-called multiplier effect resulting from direct spending. This is estimated at \$197 million. Businesses, upon providing services to tourists to maintain operations, in turn purchase supplies of goods and services for their restaurants, hotels, souvenir shops, and all other businesses. The multiplier effect of these intermediate purchases through the economy is the "ripple effect," or the buying and selling among businesses within the area as they serve their customers. [The U.S. Commerce Department provides the U.S. Travel Data Center with the national multiplier of 1.76 as the ratio of total output to initial spending. This means that the average travel dollar generates an additional 76 cents of secondary sales; this is the indirect effect.] The other secondary effect, "induced spending," results from the economic activity caused by employees spending their wages paid by their employers within the region at other enterprises. This effect is not accounted for here.

Day Visitor Spending

Sixty percent of day visitors to Sail Boston 1992 will come from within 100 miles of the City to attend various events. Whether or not they visit just once or several times, the average daily spending on the trip is \$35 per person per day (based upon U.S. Travel Data Center information updated to 1992). A total of 2.1 million day trips from Greater Boston results in \$74 million of direct, \$55 million of indirect, and \$129 million of total economic effect.

Domestic Visitor Spending

American tourists coming to the event from outside of 100 miles away from Greater Boston is estimated at 1.26 million visits, or 406,000 persons for an average stay of 3.1 days. Economic effects are based upon a daily expenditure of \$92 per person per day or an average per trip expenditure of \$285 (based on Greater Boston Convention and Visitors Bureau tourist expenditure information). This mostly includes persons staying in lodging facilities but also includes persons staying with relatives or on boats. The result yields \$117 million of direct, \$89 million of indirect, for a total of \$206 million of economic effect.

International Visitor Spending

International visitors to Sail Boston 1992 will spend the most money because they travel the farthest distance and need the most services. A U.S. Travel Data Center study of 1990 international spending in America per trip found an average of \$1,352 per visitor per trip. Assuming 140,000 international visits or 23,000 persons for an average stay of six days, the economic effect of international visitor spending will be \$30 million of direct and \$53 million of indirect, for a total of \$83 million dollars.

Travel Expenditures

Using survey information from the U.S. Travel Data Center in 1988 a categorization of domestic travel expenditures shows the following:

Non-automotive transportation	33%
Food service	20%
Lodging	20%
Automotive transportation	16%
Incidentals	5%
Entertainment	6%

TAX GENERATION OF SAIL BOSTON 1992

Federal, state, and local taxes will be generated by Sail Boston 1992. This study is concerned primarily with regional effects, and therefore, only state and local tax generation is considered here. State and local taxes Generated are considered as net new revenue only if money is brought into the greater Boston area, because otherwise, money already in the region and spent on other activities, goods, and services within the region would generate similar taxes.

State Tax Revenues

State taxes relevant to this study are the 5 percent sales tax, the 5 percent meals tax, the 5.7 percent hotel tax, and the 21 cents per gallon fuels tax. This package of taxes combined with the expenditure distribution of tourists yields a blended rate of 7.7 percent. The \$289 million economic impact of visitors from outside the Greater Boston region will generate 22.3 million in new state tax revenue alone. From the entire event, a total of \$32 million in state taxes will be generated. No accounting is made of other state taxes, such as corporate taxes resulting from this new economic activity, although some certainly may accrue.

STATE TAX YIELD FROM SAIL BOSTON 1992

Economic Effect (in millions)	Blended State Tax Yield	State Tax Yield (in millions)
From Outside of Region	$\$289 \times .077 =$	\$22.3 net new state taxes.
From Whole Event (Direct and Indirect)	$\$418 \times .077 =$	\$32 total yield in state taxes.

Local Tax Yield

Direct local tax yield to Boston is limited to the 4 percent local option piggyback hotel tax. Jet fuel taxes paid by visitor airplane tickets and property taxes paid by hotels likely would not be affected by increased travel to Boston since they are usually not marginal and would be paid anyway. Of the \$147 million in direct new spending from outside the region, 20 percent would be spent on lodging. Applying the 4 percent local hotel tax rate, revenues generated could amount to up to \$1.2 million in potential local option hotel tax revenues for cities and towns throughout the region. Due to the fact that Boston has about one-third of hotel rooms in Greater Boston, as well as their usual high occupancy rates during the summer, at most only about \$400,000 of this may accrue to Boston.

Public Sector Expenses

Expenditures for Sail Boston 1992 for public safety, public transportation, public health, and tourist promotion, environmental management, and sanitation services are estimated at \$2.4 million for the City of Boston and \$4.4 million for the Commonwealth of Massachusetts.

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APPENDIX 1

ORIGINS OF VISITORS TO MASSACHUSETTS

Massachusetts attracted 28.1 million visitors in 1988, more than 25.1 million coming from out-of-state. New Englanders, including Massachusetts residents, accounted for more than 9.8 million visitors; 8.5 million visitors came from the Mid-Atlantic states; 3.0 million from the Midwest and 5.3 million from the rest of the U.S. 69% of all domestic visitors lived within a day's drive of Massachusetts. International visitors represented 4% of Massachusetts' total, with 1.32 million travelers.

	1988 Share	1988 (prelim)	1988 % Change	1987 (revised)	198 (final)
TOTAL (Thousands)		28,124	0.99%	27,848	26,382
DOMESTIC	100%	26,800	0.75%	26,600	25,300
Massachusetts	11%	2,948	23.14%	2,394	2,200
Other New England	26%	6,968	9.15%	6,384	5,800
Mid-Atlantic	32%	8,576	-10.44%	9,576	8,800
Midwest	11%	3,016	1.04%	2,985	n/a
Other U.S.	20%	5,292	0.59%	5,261	8,500
INTERNATIONAL	100%	1,324	6.15%	1,248	1,082
Overseas	65%	867	10.07%	788	670
Canada	34%	451	-0.73%	455	412
Mexico	1%	6	13.82%	5	n/a

Definition of Regions:

Mid-Atlantic: New York, New Jersey, Pennsylvania

Midwest: Indiana, Illinois, Michigan, Ohio, Wisconsin

Source: Massachusetts Office of Travel and Tourism, "Travel and Tourism in Massachusetts: Economic Impact Report with Visitor Demographics and Profile for Calendar Year 1988," December 1989.

APPENDIX 2

1990 INTERNATIONAL TOURISM TO THE UNITED STATES

Origin	Arrivals ¹ (000)	Change From 1989 (%)	Travel ² Receipts (\$ millions)	Change From 1989 (%)	Expenditure Per Visitor (%)(%)
Canada	17,282	+12	\$5,690	+17	\$330
Mexico	6,768	-7	4,004	+18	592
Overseas Capitals	15,059	+8	30,885	+15	2,051
Western Europe	6,460	+6	12,291	+15	1,903
United Kingdom	2,244	+1	3,581	+9	1,596
Germany	1,203	+12	2,139	+15	1,778
France	716	+10	1,219	+14	1,703
Italy	396	+12	781	+18	1,972
Switzerland	294	+7	n.a.	n.a.	n.a.
Netherlands	284	+9	404	+16	1,423
Sweden	282	+0	n.a.	n.a.	n.a.
Spain	243	+20	n.a.	n.a.	n.a.
Belgium	138	+20	n.a.	n.a.	n.a.
Austria	107	+12	n.a.	n.a.	n.a.
Norway	104	-1	n.a.	n.a.	n.a.
Finland	103	+11	n.a.	n.a.	n.a.
Ireland	99	-6	n.a.	n.a.	n.a.
Denmark	97	-10	n.a.	n.a.	n.a.
Eastern Europe	199	+27	344	+27	1,729
USSR	81	+43	n.a.	n.a.	n.a.
Poland	61	-4	n.a.	n.a.	n.a.
South America	1,328	+17	n.a.	n.a.	n.a.
Brazil	398	+19	n.a.	n.a.	n.a.
Venezuela	264	+21	n.a.	n.a.	n.a.
Argentina	185	+39	n.a.	n.a.	n.a.
Colombia	155	+2	n.a.	n.a.	n.a.
Peru	115	+16	n.a.	n.a.	n.a.
Ecuador	72	+11	n.a.	n.a.	n.a.
Chile	69	-2	n.a.	n.a.	n.a.
Central America	412	+7	n.a.	n.a.	n.a.
Guatemala	111	-3	n.a.	n.a.	n.a.
Costa Rica	80	+17	n.a.	n.a.	n.a.
Honduras	69	+5	n.a.	n.a.	n.a.
Panama	59	+20	n.a.	n.a.	n.a.
Caribbean	1,137	+3	1,349	+16	1,186
Bahamas	324	-3	n.a.	n.a.	n.a.
Jamaica	187	-1	n.a.	n.a.	n.a.
Dominican Republic	175	+11	n.a.	n.a.	n.a.
Trinidad & Tobago	95	-5	n.a.	n.a.	n.a.
Haiti	68	-8	n.a.	n.a.	n.a.
Asia	4,360	+8	n.a.	n.a.	n.a.
Japan	3,231	+5	7,694	+9	2,381
South Korea	211	+42	n.a.	n.a.	n.a.
Hong Kong	163	+14	n.a.	n.a.	n.a.
India	110	+3	n.a.	n.a.	n.a.
Philippines	98	+10	n.a.	n.a.	n.a.
Middle East	3,685	+3	n.a.	n.a.	n.a.
Israel	162	+3	n.a.	n.a.	n.a.
Oceania	662	+9	n.a.	n.a.	n.a.
Australia	466	+15	1,061	+21	2,277
New Zealand	174	+4	379	+16	2,178
Africa	137	+0	n.a.	n.a.	n.a.
South Africa	39	+5	n.a.	n.a.	n.a.
Total All Countries	39,089	+7	40,579	+15	1,038
Transportation ³	--	--	12,251	+18	n.a.
GRAND TOTAL	39,089	+7	52,830	+16	1,352

1 U.S. Travel and Tourism Administration and the Immigration and Naturalization Service; Statistics Canada; Secretaria de Turismo of the Direccion General de Politica Turistica and Banco de Mexico, Sector Externo.

2 Final data from the Bureau of Economic Analysis, U.S. Dept. of Commerce.

3 Passenger fares paid to U.S. flag carriers.

Note: n.a. means not available.

Source: U.S. Department of Commerce, United States Travel and Tourism Administration, "RECAP of International Travel to and from the United States in 1990," Prepared by the Office of Research, December 1991, Table 1.

APPENDIX 3

INTERNATIONAL TOURISM TO MASSACHUSETTS

ECONOMIC IMPACT

The Massachusetts Office of Tourism estimates that in 1990, 1.5 million international visitors will spend \$1 billion in Massachusetts for an economic impact of \$1.5 billion. Canada is the number one source of international travelers to the state. Japan is the fastest growing segment of the international market. International visitors spend two-and-one-half times as much per visit as American travelers. In 1990, international travelers will account for 5.5% of all visitors to Massachusetts but 13.3% of all travel revenues.

INTERNATIONAL VISITORS

	1990	+/-%	1989	+/-%	1988
Total	1,488,125	+ 5.7	1,408,348	+ 6.3	1,323,434
Canada	451,600	0.0	451,600	0.0	451,600
Mexico	5,626	0.0	5,626	+21.6	4,626
Overseas	1,030,899	+ 8.4	951,122	+ 9.7	867,198
U.K.	207,440	+10.0	188,582	+ 8.9	173,165
Japan	182,338	+20.0	151,949	+24.1	122,473
France	104,115	+ 5.0	99,157	+ 4.3	95,053
Germany	60,284	+ 5.0	57,413	- 4.7	60,269
Other	476,723	+ 5.0	454,022	+ 9.1	416,238

International visitors to all New England States for 1990 was estimated at 3.2 million in 1990.

Source: New England Governor's Conference.

Source: Massachusetts Office of Travel and Tourism, "The Spirit of Massachusetts Messenger" 1991.

APPENDIX 4

THE ECONOMIC IMPACT OF TRAVEL AND TOURISM IN MASSACHUSETTS

ECONOMIC IMPACT

28.1 million domestic and international visitors to Massachusetts spent \$8.3 billion in 1988 for a total economic impact of \$11.7 billion. Visitor spending increased 10.9% over 1987 while the number of visitors increased 0.99%.

DOMESTIC TRAVELERS

26.8 million U.S. residents visited Massachusetts in 1988, an increase of 0.75% over 1987. 69% of all domestic visitors came from the six New England states and the Mid-Atlantic area. Short trips were the dominant form of travel. 58% of travelers spent 1 to 3 nights per trip; 71% came by automobile, 24% by airline.

Visitors to Massachusetts were more educated and more affluent than the national average.

INTERNATIONAL TRAVELERS

1.3 million international visitors came to Massachusetts in 1988. This 6.15% increase over 1987 outpaced the 0.75% increase in domestic travelers.

International travelers spent 2.5 times more per trip than domestic travelers while in Massachusetts. The per trip figures were \$687 for an overseas visitor compared to \$275 for a domestic traveler. International visitors accounted for 4.7% of all travel to the state but generated 11% of all travel-related revenues.

TAXES

Travelers generated \$1.049 billion in state, local, and federal taxes, up 9.9% from 1987.

JOBS

Travel-generated jobs increased 1.8%, falling below Massachusetts' overall 2% job growth. A travel payroll of \$1.9 billion generated 11,727 jobs.

REGIONAL IMPACT

The Greater Boston area (Suffolk, Middlesex and Norfolk counties) received 67% of the total dollars spent by domestic travelers. Revenue growth was strongest in the northeast and southeast regions of the State.

Source: Massachusetts Office of Travel and Tourism, "Travel and Tourism in Massachusetts: Economic Impact Report with Visitor Demographics and Profile for Calendar Year 1988," December 1989.

APPENDIX 5

VISITOR DATA FOR BOSTON

BOSTON VISITORS, 1991

Type	Percentage	People	\$ Impact
Tourists	52%	4.3 million	2.0 billion
Business Travelers	32%	2.6 million	2.6 billion
Convention/meetings delegates	13%	1.1 million	1.5 billion
Permanents hotels occupants	3%	.2 million	0.3 million
Total	100	8.2 million	6.4 billion

- ☐ In 1991, hotel occupancy 68.3%, over 3 points above the national average of 65%.
- ☐ In 1990, average daily spending per visitor is \$92, including hotel and the average visitor stay is 3.1 days.
- ☐ In 1990, Greater Boston ranked twelfth nationally in visitor volume with 8.5 million (#1 was Los Angeles with 49 million, #2 was Anaheim with \$35 million, and #3 Atlantic City with 33 million visitors).
- ☐ Boston ranks eleventh nationally in hotel tax rate of 9.7% (New York was first at 19.2%, Houston second at 14%, and Dallas third at 13%).
- ☐ For Fiscal Year 1991, taxes generated by all state hotels equalled \$55.983 million to Massachusetts. Boston's hotels yielded taxes \$14.0 million to the City of Boston and 19.95 million to Massachusetts.
- ☐ The visitor industry provided 108,000 full-time jobs in Massachusetts (approximately 50,000 in Greater Boston) in 1990 which yielded a total wage bill of over \$2 billion.

HOTEL STATISTICS FOR GREATER BOSTON

	Hotels	Rooms
Boston	35	11,792
Cambridge	8	2,32
Suburbs	37	6,768
TOTALS	80	20,880

Source: Greater Boston Convention and Visitors Bureau. Boston Redevelopment Authority Research Department.

APPENDIX 6

PUBLIC SECTOR EXPENDITURES, COMMONWEALTH OF MASSACHUSETTS

Executive Office of Public Safety \$ 1 million

State Police

MDC Police

Capitol Police

Registry

National Guard

Emergency Management Agency

Executive Office of Transportation and Construcion \$ 1.5 million

Department of Public Works

MBTA

Executive Office of Economic Affairs \$ 1.6 million

Tourism

Executive Office of Environmental Affairs \$ 250,000

MDC

Environmental Management

Fisheries and Wildlife

\$4.35M

Source: Bureau of State Office Buildings The Commonwealth of Massachusetts.

APPENDIX 7

PUBLIC SECTOR EXPENDITURES, CITY OF BOSTON

Office of Business and Cultural Development	\$198,900
Fire Department	275,000
Health and Hospitals Department	148,020
Boston Redevelopment Authority	299,696
Parks and Recreation	42,500
Police Department	995,467
Public Facilities Department	34,000
Public Facilities - Municipal Police	24,624
Public Works Department	334,000
Transportation Department	36,590
Total	\$2,388,797

Source: City of Boston Office of Budget and Program Evaluation.

